SteelPath July MLP Market Update & News

Portfolio managers

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Funds under management

Invesco SteelPath MLP Alpha

Invesco SteelPath MLP Income

Invesco SteelPath MLP Select 40

Invesco SteelPath MLP Alpha Plus

Invesco SteelPath MLP & Energy Infrastructure ETF

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Midstream equities were up for the month of June but underperformed the S&P 500 Index over the period as certain hydrocarbon exports got caught up in US-China trade negotiations. Midstream equities continue to trade at earnings before interest, taxes, depreciation and amortization (EBITDA) multiples below the long-term average with attractive yields and above average distribution coverage. Visit our new SteelPath Insights page for four new short videos covering the basics of the midstream energy sector, how to invest in the space, dividend classifications, and more.

MLP market overview

Midstream MLPs, as measured by the Alerian MLP Index (AMZ), ended June up 2.6% from a price and total return basis. The AMZ underperformed the S&P 500 Index's 5.1% total return for the month. The best performing midstream subsector for June was the Diversified group, while the Compression subsector underperformed, on average.

For the year through June, the AMZ is up 3.3% on a price basis, resulting in a 7.1% return once distributions are considered. This compares to the S&P 500 Index's 5.5% and 6.2% price and total returns, respectively. The Propane group has produced the best average total return year-to-date, while the Compression subsector has lagged.

MLP yield spreads, as measured by the AMZ yield relative to the 10-Year U.S. Treasury Bond, widened by 10 basis points (bps) over the month, exiting the period at 326 bps. This compares to the trailing five-year average spread of 510 bps and the average spread since 2000 of approximately 434 bps. The AMZ's distribution yield at month-end was 7.49%.

West Texas Intermediate (WTI) crude oil exited the month at $65.11 per barrel, up 7% over the period and 20.1% lower year-over-year. Natural gas prices ended June at $3.46 per million British thermal units (MMbtu), up 0.3% over the month and 32.9% higher than June 2024. Natural gas liquids (NGL) priced at Mont Belvieu exited the month at $26.47 per barrel, 0.4% lower than the end of May and 10.4% lower than the year-ago period.

News

A Win-Win: Plains All American exits NGL business, Keyera levels-up. Plains All American Pipeline LP (NYSE: PAA) announced the sale of its Canadian natural gas liquids (NGL) business to Keyera Corp (NYSE: KEY CN) for C$5.15 billion ($3.75 billion USD). The transaction is expected to close in the first quarter of 2026. The deal marks an effective exit of the natural gas liquids business for PAA and establishes the company as one of the leading pure play crude oil midstream entity with highly strategic assets linking North American supply to key demand centers. The deal also significantly expands Keyera's liquids infrastructure platform across western and eastern Canada and the company forecasts a 50% increase to their fee-based EBITDA in the first full year following closing.

Cheniere FID's another Corpus Christi expansion, increases guidance. Cheniere Energy (NYSE: LNG) announced that it made a positive Final Investment Decision (FID) to further expand its Corpus Christi natural gas liquefaction and export facility with the addition of Midscale Trains 8 & 9 and a debottlenecking project. Upon completion of these projects the Corpus Christi liquefied natural gas

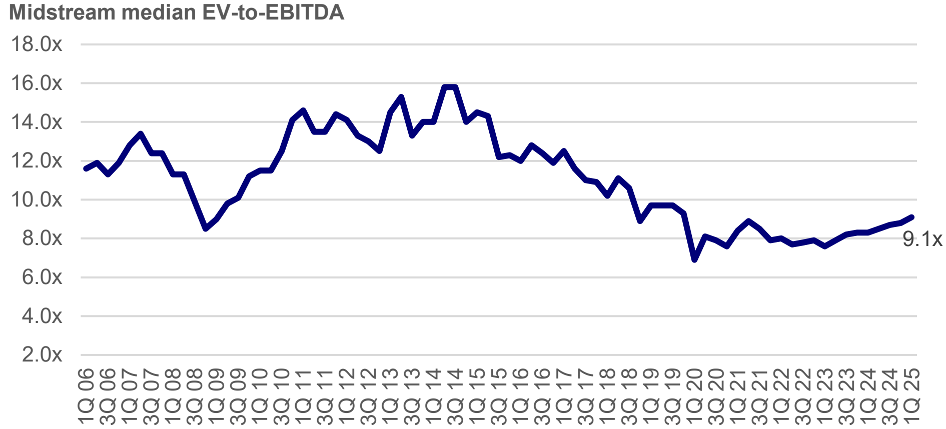
(LNG) terminal is expected to reach over 30 million tons per annum (mtpa) in total liquefaction capacity. In conjunction with the expansion announcement, the company announced a planned 10% dividend increase and provided an updated long-term financial outlook that contemplates the generation of over $25 billion of available cash through 2030 that the company expects to allocate across disciplined accretive growth and shareholder returns in the form of buybacks and dividends, as well as balance sheet management. With this enhanced plan, Cheniere now expects to reach over $25 per share of run-rate distributable cash flow (DCF).

Ethane exports get caught up in trade negotiations. During June both Enterprise Products Partners (NYSE: EPD) and Energy Transfer (NYSE: ET) received letters from The Bureau of Industry and Security (BIS), U.S. Department of Commerce, that initially limited their ability to load cargos of ethane known to be destined for China, and then allowing the loading of ethane cargos bound for China, but preventing the off-loading or delivery of ethane to a party located in China, or that is a Chinese 'military end user,' wherever located, without further BIS authorization. We believe that a US-China trade deal has the potential to remove these limitations, thereby rendering the matter moot by the time an ethane vessel reaches Chinese docks. While ET and EPD are among the largest exporters of US ethane, and thus benefit from ethane exports, these likely temporary restrictions are generally not expected to have material impacts on either company's financial results.[1]

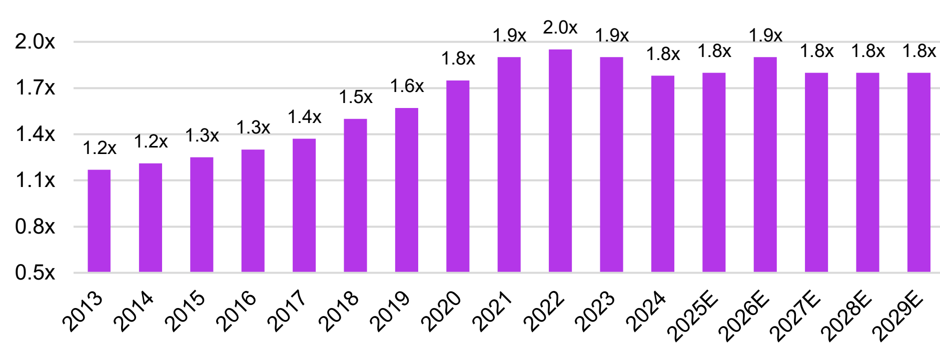
Chart of the month: Midstream energy infrastructure overview and benefits

Visit our new SteelPath Insights page for four new short videos covering the basics of the midstream energy sector, how to invest in the space, dividend classifications, and more. Further, the site has links to our most recent sector commentary and analysis and a quarterly infographic "The state of the midstream energy infrastructure sector" which includes periodic updates of midstream valuation, free cash flow, leverage, and distribution coverage.

Midstream median EV-to-EBITDA



Midstream distribution coverage



Source: Wells Fargo Research as of 3/31/2025. Distribution coverage ratio is defined as distributable cash flow divided by distributions paid to shareholders. Distributable cash flow is defined as cash flow from operations minus maintenance capital expenditures. EV-to-EBITDA is defined as enterprise value divided by earnings before interest, taxes, depreciation and amortization (EBITDA). Enterprise value is defined as market capitalization of equity plus total debt minus cash and cash equivalents. "E" represents estimates. There is no guarantee that estimates will come to pass. **Past performance is not indicative of future results.**

Important information

Source: All data sourced from Bloomberg L.P. as of 6/30/2025 unless otherwise stated.

1. Wells Fargo Securities, "EPD/ET: You've Got Mail", June 5, 2025, "EPD's Morgan's Point export dock generated $160MM of margin in 2024 of which 40% went to China, implying a $64MM impact (a $0.05/gal dock fee). Applying a $0.05/gal fee to ET, implies the Satellite contract generated ~$113MM/yr of cash flow."

Run rate distributable cash flow is a projected annual amount of cash flow available for distribution to investors, calculated by annualizing a recent period's distributable cash flow.

This does not constitute a recommendation of any investment strategy or product for a particular investor. Investors should consult a financial professional before making any investment decisions.

The opinions referenced above are those of the author as of July 1, 2025. These comments should not be construed as recommendations, but as an illustration of broader themes. Forward-looking statements are not guarantees of future results. They involve risks, uncertainties and assumptions; there can be no assurance that actual results will not differ materially from expectations. The opinions are based on current market conditions and are subject to change. They may differ from these of other Invesco investment professionals.

Midstream companies are engaged in the transportation, storage, processing, refining, marketing, exploration, and production of natural gas, natural gas liquids, crude oil, refined products or other hydrocarbons.

Propane companies specialize in transporting and delivering propane to customers. Diversified companies operate assets that transport a variety and mixture of petroleum products. Compression companies provides the equipment and oversight to move natural gas through the US pipeline system.

The mention of specific companies, industries, sectors, or issuers does not constitute a recommendation by Invesco Distributors, Inc. A list of the top 10 holdings of each fund can be found by visiting invesco.com. Holdings are subject to change and are not buy/sell recommendations.

As of 3/31/2025, Invesco SteelPath MLP Alpha Fund, Invesco SteelPath MLP Income Fund, Invesco SteelPath MLP Select 40 Fund, Invesco SteelPath MLP Alpha Plus Fund and Invesco SteelPath MLP & Energy Infrastructure ETF held 6.13%, 7.60%, 4.74%,6.16% and 0.00% respectively in Plains All American Pipeline LP,

As of 3/31/2025, Invesco SteelPath MLP Alpha Fund, Invesco SteelPath MLP Income Fund, Invesco SteelPath MLP Select 40 Fund, Invesco SteelPath MLP Alpha Plus Fund and Invesco SteelPath MLP & Energy Infrastructure ETF held 0.00%, 0.00%, 0.00%, 0.00% and 4.22% respectively in Keyera Corp.

As of 3/31/2025, Invesco SteelPath MLP Alpha Fund, Invesco SteelPath MLP Income Fund, Invesco SteelPath MLP Select 40 Fund, Invesco SteelPath MLP Alpha Plus Fund and Invesco SteelPath MLP & Energy Infrastructure ETF held 3.36%, 0.00%, 0.00%,3.32% and 4.85% respectively in Cheniere Energy.

As of 3/31/2025, Invesco SteelPath MLP Alpha Fund, Invesco SteelPath MLP Income Fund, Invesco SteelPath MLP Select 40 Fund, Invesco SteelPath MLP Alpha Plus Fund and Invesco SteelPath MLP & Energy Infrastructure ETF held 13.63%, 12.66%, 6.88%, 13.71% and 0.00% respectively in Energy Transfer LP.

As of 3/31/2025, Invesco SteelPath MLP Alpha Fund, Invesco SteelPath MLP Income Fund, Invesco SteelPath MLP Select 40 Fund, Invesco SteelPath MLP Alpha Plus Fund and Invesco SteelPath MLP & Energy Infrastructure ETF held 8.57%, 13.15%, 4.81%, 8.63% and 4.54% respectively in Enterprise Products Partners.

The S&P 500 Index is a stock market index that measures the stock performance of 500 large companies listed on stock exchanges in the United States. The Alerian MLP Index is a float-adjusted, capitalization-weighted index measuring master limited partnerships, whose constituents represent approximately 85% of total float-adjusted market capitalization. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment. An investment cannot be made into an index. Past performance does not guarantee future results.

A yield spread is the difference between yields on differing debt instruments of varying maturities, credit ratings, issuer, or risk level, calculated by deducting the yield of one instrument from the other.

A basis point is one hundredth of a percentage point.

Most MLPs operate in the energy sector and are subject to the risks generally applicable to companies in that sector, including commodity pricing risk, supply and demand risk, depletion risk and exploration risk. MLPs are also subject the risk that regulatory or legislative changes could eliminate the tax benefits enjoyed by MLPs which could have a negative impact on the after-tax income available for distribution by the MLPs and/or the value of the portfolio's investments. Although the characteristics of MLPs closely resemble a traditional limited partnership, a major difference is that MLPs may trade on a public exchange or in the over-the-counter market. Although this provides a certain amount of liquidity, MLP interests may be less liquid and subject to more abrupt or erratic price movements than conventional publicly traded securities. The risks of investing in an MLP are similar to those of investing in a partnership and include more flexible governance structures, which could result in less protection for investors than investments in a corporation. MLPs are generally considered interest-rate sensitive investments. During periods of interest rate volatility, these investments may not provide attractive returns.

Energy infrastructure MLPs are subject to a variety of industry specific risk factors that may adversely affect their business or operations, including those due to commodity production, volumes, commodity prices, weather conditions, terrorist attacks, etc. They are also subject to significant federal, state and local government regulation.

There are risks involved with investing in ETFs, including possible loss of money. Actively managed ETFs do not necessarily seek to replicate the performance of a specified index. Actively managed ETFs are subject to risks similar to stocks, including those related to short selling and margin maintenance. Ordinary brokerage commissions apply. The Fund's return may not match the return of the Index. The Fund is subject to certain other risks. Please see the current prospectus for more information regarding the risk associated with an investment in the Fund.

Shares are not individually redeemable and owners of the Shares may acquire those Shares from the Fund and tender those Shares for redemption to the Fund in Creation Unit aggregations only, typically consisting of 10,000, 20,000, 25,000, 50,000, 80,000, 100,000 or 150,000 Shares.

Before investing, investors should carefully read the prospectus and/or summary prospectus and carefully consider the investment objectives, risks, charges and expenses. For this and more complete information about the fund(s), investors should ask their financial professionals for a prospectus/ summary prospectus or visit invesco.com.